

EXHIBIT 2
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HB 2

DATE: February 6, 2009

TO: Joint Appropriations Subcommittee on General Government

FROM: John H. McEwen, *JHM*
Board Member, Association of Montana Retired Public Employees
Retiree Representative, State Employee Group Benefits Advisory Council

Members of the committee, I want to provide some follow-up to the discussion on Thursday, February 5 regarding the issue of the retiree subsidy that is part of the state employee health plan. I believe it is important to focus on whom retirees are, the expectations of current employees and the significance of the issue raised in the LFA analysis.

The state's workforce is representative of at least 150 different occupations spread out amongst 20 major departments in every city, town and county in the state. State workers and subsequent retirees are your friends and neighbors. This workforce performs (or performed) a myriad of services and carries out untold tasks to make our state a better place to live. They enforce and regulate, protect, educate, care for the less fortunate, maintain infrastructure and administer million of dollars in taxpayer's money.

They may be an employee caring for a small group of residents at the rehab center in Boulder, or a social worker making a judgment whether a child is safe in an abusive household. It is an employee driving a big orange truck through a snowstorm clearing the way so we can carry out day to day commerce and other activities. It is a team of specialists collecting data and making a recommendation that it will be ok to dig a hole 1700 feet deep and a mile wide to extract precious metals and not do harm to the environment. An engineer who designs a bridge that will last for a lifetime. The revenue specialist who spends an entire career explaining to CPA's what is or isn't taxable. State employees watch over condemned men and accompany them to their execution.

People are hired into state government with a handshake, given many documents that explain pay and benefits, what the expectations are in their job and some expectation of what a career will be like. While government is a good place to work, you don't get rich. Wages are some of the lowest in the country when compared to the other 49 states. Many employees have told me that the benefits are attractive, "I am willing to work for less with the expectation that I can retire in some comfort and security".

So after 20, 25, 30, all the way to 40 years of service we retire. It is a big decision, the biggest maybe being "can I cover my health care costs?" For at least the last 30 years we have known the rule, pay the premium charged to state employees out of my own pocket and I can remain part of the group. To now change that expectation when so many are closing in on this decision is a major policy decision that needs to be carefully thought out and vetted to a wide audience.

On the other hand, let it go. Given the total compensation and pension dollars spent on state employees and retirees, I don't believe this issue rises to a point of significance in the state's budget. At issue is relatively few dollars. You will just make a lot of people mad, not just 3,400 retirees but a significant portion of the state's workforce, with little impact to the state's budget.

Thank you for your time and consideration.